

Message Text

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TO AMEMBASSY BELGRADE

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E.O. 11652: NA

TAGS: APUB, YO

SUBJ: PRESS RELEASE ON EXIMBANK CREDIT TO YUGOSLAVIA

FOR YOUR INFO ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-
IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOL9,149,000 TO
UNIS (UNDRUZENA METALNA INDUSTRIJA SARAJEVO). RELEASE IS SCHED
FOR ANNOUNCEMENT HERE IN WASH, D.C. FOR A.M. PAPERS, FRIDAY,
MAR 28, 1975.

QTE: EXIMBANK CREDIT OF DOL9,149,000 SUPPORTS DOL22,335,000 SALE OF
US EQUIP FOR STEEL MILL FOR YUGOSLAV COMPANY

TO HELP FINANCE A DOL22,335,000 SALE OF US EQUIP, MATERIALS
AND SERVICES REQUIRED FOR CONSTRUCTION AND INITIAL OPERATION OF
COLD ROLLING STEEL MILL FACILITY IN YUGOSLAVIA, THE BOARD OF
DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS
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AUTHORIZED A DIRECT CREDIT OF DOL9,149,000 TO FINANCE 41

PERCENT OF THE TOTAL US COSTS AND A FINANCIAL GUARANTEE OF A CREDIT OF DOL10,752,000 FROM PRIVATE COMMERCIAL SOURCES TO FINANCE 48PERCENT OF THE TOTAL US COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. EXIMBANK WILL ALSO PROVIDE A FINAINCIAL GUARANTEE OF A LOCAL COST LOAN OF UP TO DOL2,034,000. THE OBLIGOR, UNIS (UNDRUSENA METALNA INDUSTRIJA SARAJEVO), WILL MAKE CASH PAYMENT OF THE BALANCE OF THE US COSTS OF 11PERCENT OR DOL2,434,000.

UNIS WAS ESTABLISHED IN 1968 THROUGH THE MERGE OF FOUR METAL INDUSTRY ENTERPRISES. IT NOW HAS 20 FACTORIES AND THREE SERVICE ORGANIZATIONS WHICH ARE ENGAGED IN THE PRODUCTION OF AUTOMOBILES AND PARTS, MOTORCYCLES AND BICYCLES, TYPEWRITERS, STEAM PIPES, ROLLER BEARINGS AND OTHER PRODUCTS.

THE PROJECT FOR WHICH FINANCING IS BEING EXTENDED IS THE DESIGN, CONSTRUCTION AND EQUIPPING FOR COLD ROLLING AND PROCESSING FACILITIES IN BANJA LUKA, ABOUT 160 MILES WEST OF BELGRADE FOR THE PRODUCTION OF COLD ROLLED BANDS. WATERBURY FARREL, CHESHIRE, CONNECTICUT, WILL BE THE PRIME CONTRACTOR FOR THE COLD ROLLING FACILITIES. PRODUCTION MACHINERY CORP OF MENTOR, OHIO, WILL PROVIDE THE ENGINEERING DESIGN OF THE PLANT TOGETHER WITH ITEMS OF EQUIP. GEN ELECTRIC COMPANY, NEW YORK CITY, WILL FURNISH THE ELECTRICS FOR THE PROJECT.

THE LOANS ARE TO BE REPAYED IN 20 SEMIANNUAL INSTALLMENTS BEGINNING DEC 10, 1977. EXIMBANK'S DIRECT CREDIT OF DOL9,149,000 WILL BE REPAYED OUT OF THE LAST 10 INSTALLMENTS AT AN INTEREST RATE OF 8PERCENT PER ANNUM,WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER BASED ON CURRENT RATES OF ABOUT 8.70 PERCENT TO 8.95 PERCENT PER ANNUM. REPAYMENT OF ALL LOANS IS TO BE GUARANTEED BY PRIVREDNA BANK, SARAJEVO. UNQTE INGERSOLL

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Subject: PRESS RELEASE ON EXIMBANK CREDIT TO YUGOSLAVIA FOR YOUR INFO ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-

TAGS: APUB, YO

To: BELGRADE

Type: TE

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